

Message Text

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11

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 SIL-01 LAB-04 L-03 OMB-01 PM-04

NSC-05 SP-02 SS-15 CIAE-00 INR-07 NSAE-00 H-02 /062 W

----- 094242

R 110615Z DEC 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6805

INFO AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USDOC WASHDC

DEPT OF TREASURY

UNCLAS KUWAIT 5699

DEPT PASS DEPT OF LABOR

E.O. 11652: N/A

TAGS: ETDR, EFIN, ELAB, BEXP, TC

SUBJECT: NEGATIVE POLICY IMPACT OF RECENT INCOME TAX INCREASE
FOR OVERSEAS AMERICANS

REF: ABU DHABI 3277

1. I STRONGLY ENDORSE COMMENTS (REFTEL) MADE BY AMBASSADOR DICKMAN ON POTENTIAL UNFAVORABLE IMPACT OF RECENT INCOME TAX RISE ON OVERSEAS AMERICANS. INDEED, I RAISED THIS MATTER WITH SECRETARIES ROBINSON, HABIB, AND ATHERTON DURING MY RECENT CONSULTATIONS IN WASHINGTON, FOR I HAD HEARD SIMILAR EXPRESSIONS OF DISMAY FROM AMERICAN EXECUTIVES IN KUWAIT.

2. I WOULD, HOWEVER, LIKE TO TAKE AMBASSADOR DICKMAN'S COMMENTS ONE STEP FURTHER BY SUGGESTING THAT IMPACT OF TAX INCREASE IS DIRECTLY CONTRARY TO WHAT I CONCEIVE TO BE IMPORTANT US POLICY OBJECTIVES IN INTERNATIONAL FIELD.

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THESE ARE A) TO EXTEND AMERICAN INFLUENCE THROUGHOUT THE

WORLD BY PEACEFUL MEANS, AND B) TO PROMOTE THE SALE OF US PRODUCTS AND THE PARTICIPATION OF US FIRMS IN DEVELOPMENT PROJECTS.

3. THE REDUCTION OF THE NUMBER OF AMERICANS WORKING ABROAD AND OF THE COMPETITIVENESS OF US FIRMS SEEKING BUSINESS OVERSEAS WILL CLEARLY HAVE A LONG-RANGE NEGATIVE EFFECT ON THESE POLICY OBJECTIVES. I THEREFORE BELIEVE THAT APPROPRIATE USG AGENCIES, SUCH AS THOSE INCLUDED AMONG THE ADDRESSEES, SHOULD BEGIN WORKING TO CONVINCE CONGRESS TO FORMULATE A MORE EQUITABLE INCOME TAX PROVISION FOR OVERSEAS AMERICANS AS AN AMENDMENT TO THE PRESENT LAW.
MAESTRONE

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NNN

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